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July 30, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: Aoi Electronics Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 6832
 URL: <http://www.aoi-electronics.co.jp/>
 Representative: Koji Nakayama, President
 Inquiries: Ryoji Aoki, Corporate Officer, General Manager of Administration Div.
 Telephone: +81-87-882-1131
 Scheduled date to file quarterly securities report: August 11, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2021	10,723	–	938	–	992	–	675	–
June 30, 2020	10,489	6.6	790	25.9	801	27.0	567	36.5

Note: Comprehensive income For the three months ended June 30, 2021: ¥805 million [–%]
 For the three months ended June 30, 2020: ¥601 million [45.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2021	56.28	–
June 30, 2020	47.31	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the three months ended June 30, 2021, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2021	59,178	49,332	83.4	4,111.36
March 31, 2021	58,492	48,875	83.6	4,073.29

Reference: Equity
 As of June 30, 2021: ¥49,332 million
 As of March 31, 2021: ¥48,875 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	27.00	–	29.00	56.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecast)		27.00	–	29.00	56.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	21,500	–	1,700	–	1,700	–	1,200	–	100.01
Full year	41,000	–	2,500	–	2,500	–	1,740	–	145.01

Notes: Revisions to the financial results forecast most recently announced: Yes

- Regarding revision of consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” announced today (July 30, 2021) in Japanese.
- The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and the consolidated financial results forecast for the fiscal year ending March 31, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “Changes in accounting policies” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	12,000,000 shares
As of March 31, 2021	12,000,000 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2021	899 shares
As of March 31, 2021	899 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	11,999,101 shares
Three months ended June 30, 2020	11,999,219 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Although the financial results forecast was calculated based on information currently available as of the announcement date of these materials, a considerable number of uncertain factors are also included. Please understand that actual financial results may differ significantly from the forecasts presented in these materials due to changes to business conditions, etc.

Attached Materials

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1. Qualitative information on the quarterly financial results

(1) Operating results

Although the Japanese economy remains in a difficult situation, such as the stagnation of personal consumption due to the impact of the spread of the novel coronavirus disease (COVID-19) that has continued intermittently, during the three months ended June 30, 2021, signs of recovery in corporate production and capital investment were seen against the backdrop of an increase in exports due to the recovery of overseas demand. Overseas, although recovery continued in China and the trend of restrictions on economic activities being eased and lifted were accelerated in the U.S., the outlook remains extremely uncertain, with COVID-19 on a rampage in emerging countries, primarily in the region of Southeast Asia.

Sales in the electronic components industry, to which the Group belongs, were strong as a result of the recovery of components for industrial equipment and the increase in production of 5G-enabled devices in addition to the increase in demand for components for digital equipment against the backdrop of an increase in appliance sales due to demand from people staying at home, the expansion of remote work and other factors.

Amid these circumstances, for the three months ended June 30, 2021, consolidated net sales totaled ¥10,723 million, operating profit totaled ¥938 million, ordinary profit totaled ¥992 million and profit attributable to owners of parent totaled ¥675 million.

With regard to net sales by product category of the Group, although integrated circuits were strong due to an increase in orders for components for industrial equipment and digital equipment, sales totaled ¥9,131 million due to the impact of the application of the “Accounting Standard for Revenue Recognition.” Sales of functional components totaled ¥1,540 million due to the recovery of orders for thermal print heads overseas.

In addition, due to the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, net sales in the three months ended June 30, 2021, decreased by ¥684 million (decrease of ¥711 million in integrated circuits, increase of ¥27 million in functional components). For details, please refer to “Changes in accounting policies” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

(2) Financial position

Assets as of June 30, 2021, totaled ¥59,178 million due to an increase in current assets (increase of ¥686 million from the end of the previous fiscal year), such as notes and accounts receivable - trade. Liabilities totaled ¥9,845 million due to an increase in current liabilities (increase of ¥229 million from the end of the previous fiscal year), such as notes and accounts payable - trade. As a result, net assets totaled ¥49,332 million (increase of ¥456 million from the end of the previous fiscal year), and the equity-to-asset ratio was 83.4%.

(3) Explanation of consolidated financial results forecast and other forward-looking statements

The consolidated financial results forecast for the six months ending September 30, 2021 and the full year have been revised as net sales and profits are expected to surpass the financial results forecast announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” released on May 7, 2021.

For details, please refer to the “Notice Regarding Revision of Financial Forecast” announced today (July 30, 2021) in Japanese.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	24,044,101	23,818,768
Notes and accounts receivable - trade	9,078,489	9,624,574
Electronically recorded monetary claims - operating	2,027,312	2,095,083
Securities	3,000,000	3,000,000
Merchandise and finished goods	35,060	62,163
Work in process	984,880	951,823
Raw materials and supplies	1,305,976	1,570,276
Prepaid expenses	58,222	88,990
Other	227,860	426,925
Total current assets	40,761,902	41,638,605
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,712,164	20,980,288
Accumulated depreciation and impairment	(14,964,935)	(15,158,697)
Buildings and structures, net	5,747,229	5,821,591
Machinery, equipment and vehicles	45,997,236	45,536,803
Accumulated depreciation and impairment	(43,301,839)	(42,942,959)
Machinery, equipment and vehicles, net	2,695,396	2,593,843
Tools, furniture and fixtures	8,270,675	8,244,784
Accumulated depreciation and impairment	(7,783,542)	(7,718,472)
Tools, furniture and fixtures, net	487,132	526,312
Land	3,441,238	3,441,238
Leased assets	323,268	318,693
Accumulated depreciation and impairment	(168,502)	(170,152)
Leased assets, net	154,766	148,540
Construction in progress	315,160	291,579
Total property, plant and equipment	12,840,924	12,823,106
Intangible assets		
Goodwill	149,034	145,863
Other	160,337	161,223
Total intangible assets	309,371	307,087
Investments and other assets		
Investment securities	2,556,965	2,697,910
Retirement benefit asset	528,665	543,779
Deferred tax assets	1,031,218	756,105
Other	463,031	411,885
Total investments and other assets	4,579,881	4,409,681
Total non-current assets	17,730,177	17,539,874
Total assets	58,492,079	59,178,480

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,276,817	2,679,398
Electronically recorded obligations - operating	2,058,926	2,407,470
Short-term borrowings	190,000	475,000
Current portion of long-term borrowings	305,988	305,988
Lease obligations	64,025	63,163
Accounts payable - other	1,700,532	1,943,632
Income taxes payable	112,042	2,233
Provision for bonuses	788,561	198,593
Other	1,032,696	792,293
Total current liabilities	8,529,589	8,867,773
Non-current liabilities		
Long-term borrowings	608,205	531,708
Lease obligations	129,008	120,347
Deferred tax liabilities	7,931	7,814
Retirement benefit liability	246,774	225,127
Asset retirement obligations	27,449	27,486
Other	67,262	65,634
Total non-current liabilities	1,086,631	978,117
Total liabilities	9,616,221	9,845,891
Net assets		
Shareholders' equity		
Share capital	4,545,500	4,545,500
Capital surplus	5,790,950	5,790,950
Retained earnings	38,277,909	38,604,715
Treasury shares	(1,881)	(1,881)
Total shareholders' equity	48,612,477	48,939,283
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143,067	264,740
Remeasurements of defined benefit plans	120,313	128,563
Total accumulated other comprehensive income	263,380	393,304
Total net assets	48,875,858	49,332,588
Total liabilities and net assets	58,492,079	59,178,480

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	10,489,264	10,723,905
Cost of sales	8,592,574	8,677,638
Gross profit	1,896,690	2,046,266
Selling, general and administrative expenses	1,106,443	1,108,120
Operating profit	790,246	938,146
Non-operating income		
Interest income	282	293
Dividend income	5,870	5,667
Foreign exchange gains	–	25,721
Technical support fee income	617	9,111
Rental income	8,617	8,572
Share of profit of entities accounted for using equity method	12,269	17
Other	15,756	22,834
Total non-operating income	43,413	72,217
Non-operating expenses		
Interest expenses	2,421	1,340
Compensation expenses	9,775	3,140
Foreign exchange losses	10,848	–
Depreciation of assets for rent	6,290	6,164
Other	2,583	7,073
Total non-operating expenses	31,919	17,719
Ordinary profit	801,739	992,643
Extraordinary income		
Gain on sale of non-current assets	–	10,821
Total extraordinary income	–	10,821
Extraordinary losses		
Loss on retirement of non-current assets	2,333	3,458
Loss on valuation of investment securities	–	3,511
Total extraordinary losses	2,333	6,970
Profit before income taxes	799,406	996,494
Income taxes - current	40,904	90,294
Income taxes - deferred	190,776	230,945
Total income taxes	231,680	321,240
Profit	567,725	675,254
Profit attributable to owners of parent	567,725	675,254

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	567,725	675,254
Other comprehensive income		
Valuation difference on available-for-sale securities	37,153	121,673
Remeasurements of defined benefit plans, net of tax	(3,669)	8,250
Total other comprehensive income	33,484	129,924
Comprehensive income	601,209	805,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	601,209	805,178
Comprehensive income attributable to non-controlling interests	—	—

(3)Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Application of special accounting for preparing quarterly consolidated financial statements

Not applicable

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

By applying the alternative accounting treatment stipulated in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized at the time of shipment when the period from the time of shipment to the transfer of control of the goods or products to the customer is normal period in case of domestic sale of the goods or products. Accounting of raw materials supplied from customers through subcontract processing with supply of materials for value under a repurchase agreement presents only the net amount equivalent to the processing fee as revenue.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, net sales and cost of sales in the three months ended June 30, 2021 decreased by ¥684,090 thousand and ¥684,772 thousand, respectively, and the impact of this application on the balance at beginning of period for operating profit, ordinary profit, profit before income taxes and retained earnings is immaterial.

Changes in accounting estimates

Not applicable

Additional information

Accounting estimates related to the impact of the spread of COVID-19

A severe impact on the economy and corporate activities is expected due to the global spread of COVID-19. Although it is difficult to foresee the end of COVID-19 and the impact on financial results, the Group has determined the accounting estimates for impairment accounting of non-current assets, recoverability of deferred tax assets, etc. to the extent that can currently be estimated.

Segment information

Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020) and three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

The business activities of the Group consist of a single operating segment, manufacture and sales of electric and electronic components. The entire Group formulates comprehensive business strategies and conducts business activities accordingly. Accordingly, segment information has been omitted.